

HB6294



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB6294

by Rep. Martin J. Moylan

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-175
35 ILCS 200/15-177

Amends the Property Tax Code. Provides that the general homestead exemption amount and the long-time occupant homestead exemption amount shall be doubled for homestead property that is negatively affected by aircraft noise from Chicago O'Hare International Airport. Effective immediately.

LRB098 22320 HLH 61240 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Property Tax Code is amended by changing
5 Sections 15-175 and 15-177 as follows:

6 (35 ILCS 200/15-175)

7 Sec. 15-175. General homestead exemption.

8 (a) Except as provided in Sections 15-176 and 15-177,
9 homestead property is entitled to an annual homestead exemption
10 limited, except as described here with relation to
11 cooperatives, to a reduction in the equalized assessed value of
12 homestead property equal to the increase in equalized assessed
13 value for the current assessment year above the equalized
14 assessed value of the property for 1977, up to the maximum
15 reduction set forth below. If however, the 1977 equalized
16 assessed value upon which taxes were paid is subsequently
17 determined by local assessing officials, the Property Tax
18 Appeal Board, or a court to have been excessive, the equalized
19 assessed value which should have been placed on the property
20 for 1977 shall be used to determine the amount of the
21 exemption.

22 (b) Except as provided in Section 15-176, the maximum
23 reduction before taxable year 2004 shall be \$4,500 in counties

1 with 3,000,000 or more inhabitants and \$3,500 in all other
2 counties. Except as provided in Sections 15-176 and 15-177, for
3 taxable years 2004 through 2007, the maximum reduction shall be
4 \$5,000, for taxable year 2008, the maximum reduction is \$5,500,
5 and, for taxable years 2009 through 2011, the maximum reduction
6 is \$6,000 in all counties. For taxable years 2012 and
7 thereafter, the maximum reduction is \$7,000 in counties with
8 3,000,000 or more inhabitants and \$6,000 in all other counties.
9 If a county has elected to subject itself to the provisions of
10 Section 15-176 as provided in subsection (k) of that Section,
11 then, for the first taxable year only after the provisions of
12 Section 15-176 no longer apply, for owners who, for the taxable
13 year, have not been granted a senior citizens assessment freeze
14 homestead exemption under Section 15-172 or a long-time
15 occupant homestead exemption under Section 15-177, there shall
16 be an additional exemption of \$5,000 for owners with a
17 household income of \$30,000 or less.

18 (c) In counties with fewer than 3,000,000 inhabitants, if,
19 based on the most recent assessment, the equalized assessed
20 value of the homestead property for the current assessment year
21 is greater than the equalized assessed value of the property
22 for 1977, the owner of the property shall automatically receive
23 the exemption granted under this Section in an amount equal to
24 the increase over the 1977 assessment up to the maximum
25 reduction set forth in this Section.

26 (d) If in any assessment year beginning with the 2000

1 assessment year, homestead property has a pro-rata valuation
2 under Section 9-180 resulting in an increase in the assessed
3 valuation, a reduction in equalized assessed valuation equal to
4 the increase in equalized assessed value of the property for
5 the year of the pro-rata valuation above the equalized assessed
6 value of the property for 1977 shall be applied to the property
7 on a proportionate basis for the period the property qualified
8 as homestead property during the assessment year. The maximum
9 proportionate homestead exemption shall not exceed the maximum
10 homestead exemption allowed in the county under this Section
11 divided by 365 and multiplied by the number of days the
12 property qualified as homestead property.

13 (e) The chief county assessment officer may, when
14 considering whether to grant a leasehold exemption under this
15 Section, require the following conditions to be met:

16 (1) that a notarized application for the exemption,
17 signed by both the owner and the lessee of the property,
18 must be submitted each year during the application period
19 in effect for the county in which the property is located;

20 (2) that a copy of the lease must be filed with the
21 chief county assessment officer by the owner of the
22 property at the time the notarized application is
23 submitted;

24 (3) that the lease must expressly state that the lessee
25 is liable for the payment of property taxes; and

26 (4) that the lease must include the following language

1 in substantially the following form:

2 "Lessee shall be liable for the payment of real
3 estate taxes with respect to the residence in
4 accordance with the terms and conditions of Section
5 15-175 of the Property Tax Code (35 ILCS 200/15-175).
6 The permanent real estate index number for the premises
7 is (insert number), and, according to the most recent
8 property tax bill, the current amount of real estate
9 taxes associated with the premises is (insert amount)
10 per year. The parties agree that the monthly rent set
11 forth above shall be increased or decreased pro rata
12 (effective January 1 of each calendar year) to reflect
13 any increase or decrease in real estate taxes. Lessee
14 shall be deemed to be satisfying Lessee's liability for
15 the above mentioned real estate taxes with the monthly
16 rent payments as set forth above (or increased or
17 decreased as set forth herein).".

18 In addition, if there is a change in lessee, or if the
19 lessee vacates the property, then the chief county assessment
20 officer may require the owner of the property to notify the
21 chief county assessment officer of that change.

22 This subsection (e) does not apply to leasehold interests
23 in property owned by a municipality.

24 (e-5) Notwithstanding any other provision of law, and
25 notwithstanding the limitations set forth in subsection (b),
26 beginning in assessment year 2014, if homestead property is

1 negatively affected by aircraft noise from Chicago O'Hare
2 International Airport, then the amount of the exemption for
3 that property shall be the amount of the exemption otherwise
4 provided under this Section for that property, multiplied by 2.
5 For the purposes of this subsection (e-5), property is
6 negatively affected by aircraft noise from Chicago O'Hare
7 International Airport if the property routinely experiences
8 aircraft noise of 65 decibels or more, and that aircraft noise
9 is directly attributable to flight patterns at Chicago O'Hare
10 International Airport. The assessor or chief county assessment
11 officer may determine the eligibility of residential property
12 to receive the double homestead exemption under this subsection
13 by application, visual inspection, questionnaire, or other
14 reasonable methods. The determination shall be made in
15 accordance with guidelines established by the Department,
16 provided that the taxpayer applying for a double homestead
17 exemption under this subsection shall submit to the chief
18 county assessment officer, along with the taxpayer's original
19 homestead exemption application, additional documentation
20 establishing that the property is negatively affected by
21 aircraft noise from Chicago O'Hare International Airport.

22 (f) "Homestead property" under this Section includes
23 residential property that is occupied by its owner or owners as
24 his or their principal dwelling place, or that is a leasehold
25 interest on which a single family residence is situated, which
26 is occupied as a residence by a person who has an ownership

1 interest therein, legal or equitable or as a lessee, and on
2 which the person is liable for the payment of property taxes.
3 For land improved with an apartment building owned and operated
4 as a cooperative or a building which is a life care facility as
5 defined in Section 15-170 and considered to be a cooperative
6 under Section 15-170, the maximum reduction from the equalized
7 assessed value shall be limited to the increase in the value
8 above the equalized assessed value of the property for 1977, up
9 to the maximum reduction set forth above, multiplied by the
10 number of apartments or units occupied by a person or persons
11 who is liable, by contract with the owner or owners of record,
12 for paying property taxes on the property and is an owner of
13 record of a legal or equitable interest in the cooperative
14 apartment building, other than a leasehold interest. For
15 purposes of this Section, the term "life care facility" has the
16 meaning stated in Section 15-170.

17 "Household", as used in this Section, means the owner, the
18 spouse of the owner, and all persons using the residence of the
19 owner as their principal place of residence.

20 "Household income", as used in this Section, means the
21 combined income of the members of a household for the calendar
22 year preceding the taxable year.

23 "Income", as used in this Section, has the same meaning as
24 provided in Section 3.07 of the Senior Citizens and Disabled
25 Persons Property Tax Relief Act, except that "income" does not
26 include veteran's benefits.

1 (g) In a cooperative where a homestead exemption has been
2 granted, the cooperative association or its management firm
3 shall credit the savings resulting from that exemption only to
4 the apportioned tax liability of the owner who qualified for
5 the exemption. Any person who willfully refuses to so credit
6 the savings shall be guilty of a Class B misdemeanor.

7 (h) Where married persons maintain and reside in separate
8 residences qualifying as homestead property, each residence
9 shall receive 50% of the total reduction in equalized assessed
10 valuation provided by this Section.

11 (i) In all counties, the assessor or chief county
12 assessment officer may determine the eligibility of
13 residential property to receive the homestead exemption and the
14 amount of the exemption by application, visual inspection,
15 questionnaire or other reasonable methods. The determination
16 shall be made in accordance with guidelines established by the
17 Department, provided that the taxpayer applying for an
18 additional general exemption under this Section shall submit to
19 the chief county assessment officer an application with an
20 affidavit of the applicant's total household income, age,
21 marital status (and, if married, the name and address of the
22 applicant's spouse, if known), and principal dwelling place of
23 members of the household on January 1 of the taxable year. The
24 Department shall issue guidelines establishing a method for
25 verifying the accuracy of the affidavits filed by applicants
26 under this paragraph. The applications shall be clearly marked

1 as applications for the Additional General Homestead
2 Exemption.

3 (j) In counties with fewer than 3,000,000 inhabitants, in
4 the event of a sale of homestead property the homestead
5 exemption shall remain in effect for the remainder of the
6 assessment year of the sale. The assessor or chief county
7 assessment officer may require the new owner of the property to
8 apply for the homestead exemption for the following assessment
9 year.

10 (k) Notwithstanding Sections 6 and 8 of the State Mandates
11 Act, no reimbursement by the State is required for the
12 implementation of any mandate created by this Section.

13 (Source: P.A. 97-689, eff. 6-14-12; 97-1125, eff. 8-28-12;
14 98-7, eff. 4-23-13; 98-463, eff. 8-16-13.)

15 (35 ILCS 200/15-177)

16 Sec. 15-177. The long-time occupant homestead exemption.

17 (a) If the county has elected, under Section 15-176, to be
18 subject to the provisions of the alternative general homestead
19 exemption, then, for taxable years 2007 and thereafter,
20 regardless of whether the exemption under Section 15-176
21 applies, qualified homestead property is entitled to an annual
22 homestead exemption equal to a reduction in the property's
23 equalized assessed value calculated as provided in this
24 Section.

25 (b) As used in this Section:

1 "Adjusted homestead value" means the lesser of the
2 following values:

3 (1) The property's base homestead value increased by:

4 (i) 10% for each taxable year after the base year through
5 and including the current tax year for qualified taxpayers
6 with a household income of more than \$75,000 but not
7 exceeding \$100,000; or (ii) 7% for each taxable year after
8 the base year through and including the current tax year
9 for qualified taxpayers with a household income of \$75,000
10 or less. The increase each year is an increase over the
11 prior year; or

12 (2) The property's equalized assessed value for the
13 current tax year minus the general homestead deduction.

14 "Base homestead value" means:

15 (1) if the property did not have an adjusted homestead
16 value under Section 15-176 for the base year, then an
17 amount equal to the equalized assessed value of the
18 property for the base year prior to exemptions, minus the
19 general homestead deduction, provided that the property's
20 assessment was not based on a reduced assessed value
21 resulting from a temporary irregularity in the property for
22 that year; or

23 (2) if the property had an adjusted homestead value
24 under Section 15-176 for the base year, then an amount
25 equal to the adjusted homestead value of the property under
26 Section 15-176 for the base year.

1 "Base year" means the taxable year prior to the taxable
2 year in which the taxpayer first qualifies for the exemption
3 under this Section.

4 "Current taxable year" means the taxable year for which the
5 exemption under this Section is being applied.

6 "Equalized assessed value" means the property's assessed
7 value as equalized by the Department.

8 "Homestead" or "homestead property" means residential
9 property that as of January 1 of the tax year is occupied by a
10 qualified taxpayer as his or her principal dwelling place, or
11 that is a leasehold interest on which a single family residence
12 is situated, that is occupied as a residence by a qualified
13 taxpayer who has a legal or equitable interest therein
14 evidenced by a written instrument, as an owner or as a lessee,
15 and on which the person is liable for the payment of property
16 taxes. Residential units in an apartment building owned and
17 operated as a cooperative, or as a life care facility, which
18 are occupied by persons who hold a legal or equitable interest
19 in the cooperative apartment building or life care facility as
20 owners or lessees, and who are liable by contract for the
21 payment of property taxes, are included within this definition
22 of homestead property. A homestead includes the dwelling place,
23 appurtenant structures, and so much of the surrounding land
24 constituting the parcel on which the dwelling place is situated
25 as is used for residential purposes. If the assessor has
26 established a specific legal description for a portion of

1 property constituting the homestead, then the homestead is
2 limited to the property within that description.

3 "Household income" has the meaning set forth under Section
4 15-172 of this Code.

5 "General homestead deduction" means the amount of the
6 general homestead exemption under Section 15-175.

7 "Life care facility" means a facility defined in Section 2
8 of the Life Care Facilities Act.

9 "Qualified homestead property" means homestead property
10 owned by a qualified taxpayer.

11 "Qualified taxpayer" means any individual:

12 (1) who, for at least 10 continuous years as of January
13 1 of the taxable year, has occupied the same homestead
14 property as a principal residence and domicile or who, for
15 at least 5 continuous years as of January 1 of the taxable
16 year, has occupied the same homestead property as a
17 principal residence and domicile if that person received
18 assistance in the acquisition of the property as part of a
19 government or nonprofit housing program; and

20 (2) who has a household income of \$100,000 or less.

21 (c) The base homestead value must remain constant, except
22 that the assessor may revise it under any of the following
23 circumstances:

24 (1) If the equalized assessed value of a homestead
25 property for the current tax year is less than the previous
26 base homestead value for that property, then the current

1 equalized assessed value (provided it is not based on a
2 reduced assessed value resulting from a temporary
3 irregularity in the property) becomes the base homestead
4 value in subsequent tax years.

5 (2) For any year in which new buildings, structures, or
6 other improvements are constructed on the homestead
7 property that would increase its assessed value, the
8 assessor shall adjust the base homestead value with due
9 regard to the value added by the new improvements.

10 (d) The amount of the exemption under this Section is the
11 greater of: (i) the equalized assessed value of the homestead
12 property for the current tax year minus the adjusted homestead
13 value; or (ii) the general homestead deduction.

14 (d-5) Notwithstanding any other provision of law, if
15 qualified homestead property is negatively affected by
16 aircraft noise from Chicago O'Hare International Airport, as
17 provided in subsection (e-5) of Section 15-175, then the amount
18 of the exemption for that property shall be the greater of: (i)
19 the difference between the equalized assessed value of the
20 homestead property for the current tax year and the adjusted
21 homestead value, multiplied by 2; or (ii) the general homestead
22 deduction calculated under subsection (e-5) of Section 15-175.
23 The assessor or chief county assessment officer may determine
24 the eligibility of residential property to receive the double
25 homestead exemption under this subsection by application,
26 visual inspection, questionnaire, or other reasonable methods.

1 The determination shall be made in accordance with guidelines
2 established by the Department, provided that the taxpayer
3 applying for a double homestead exemption under this subsection
4 shall submit to the chief county assessment officer, along with
5 the taxpayer's original homestead exemption application,
6 additional documentation establishing that the property is
7 negatively affected by aircraft noise from Chicago O'Hare
8 International Airport.

9 (e) In the case of an apartment building owned and operated
10 as a cooperative, or as a life care facility, that contains
11 residential units that qualify as homestead property of a
12 qualified taxpayer under this Section, the maximum cumulative
13 exemption amount attributed to the entire building or facility
14 shall not exceed the sum of the exemptions calculated for each
15 unit that is a qualified homestead property. The cooperative
16 association, management firm, or other person or entity that
17 manages or controls the cooperative apartment building or life
18 care facility shall credit the exemption attributable to each
19 residential unit only to the apportioned tax liability of the
20 qualified taxpayer as to that unit. Any person who willfully
21 refuses to so credit the exemption is guilty of a Class B
22 misdemeanor.

23 (f) When married persons maintain separate residences, the
24 exemption provided under this Section may be claimed by only
25 one such person and for only one residence. No person who
26 receives an exemption under Section 15-172 of this Code may

1 receive an exemption under this Section. No person who receives
2 an exemption under this Section may receive an exemption under
3 Section 15-175 or 15-176 of this Code.

4 (g) In the event of a sale or other transfer in ownership
5 of the homestead property between spouses or between a parent
6 and a child, the exemption under this Section remains in effect
7 if the new owner has a household income of \$100,000 or less.

8 (h) In the event of a sale or other transfer in ownership
9 of the homestead property other than subsection (g) of this
10 Section, the exemption under this Section shall remain in
11 effect for the remainder of the tax year and be calculated
12 using the same base homestead value in which the sale or
13 transfer occurs.

14 (i) To receive the exemption, a person must submit an
15 application to the county assessor during the period specified
16 by the county assessor.

17 The county assessor shall annually give notice of the
18 application period by mail or by publication.

19 The taxpayer must submit, with the application, an
20 affidavit of the taxpayer's total household income, marital
21 status (and if married the name and address of the applicant's
22 spouse, if known), and principal dwelling place of members of
23 the household on January 1 of the taxable year. The Department
24 shall establish, by rule, a method for verifying the accuracy
25 of affidavits filed by applicants under this Section, and the
26 Chief County Assessment Officer may conduct audits of any

1 taxpayer claiming an exemption under this Section to verify
2 that the taxpayer is eligible to receive the exemption. Each
3 application shall contain or be verified by a written
4 declaration that it is made under the penalties of perjury. A
5 taxpayer's signing a fraudulent application under this Act is
6 perjury, as defined in Section 32-2 of the Criminal Code of
7 2012. The applications shall be clearly marked as applications
8 for the Long-time Occupant Homestead Exemption and must contain
9 a notice that any taxpayer who receives the exemption is
10 subject to an audit by the Chief County Assessment Officer.

11 (j) Notwithstanding Sections 6 and 8 of the State Mandates
12 Act, no reimbursement by the State is required for the
13 implementation of any mandate created by this Section.

14 (Source: P.A. 97-1150, eff. 1-25-13.)

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.